

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 EUR-12 AGR-01 OES-09 /136 W
-----107524 161622Z /47

P 161441Z AUG 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 3227
INFO ALL EC CAPITALS

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USMTN, USEEC
ACTION STR PASS ELECTRICALLY
STR PASS CODEL
PASS COMMERCE FOR KURTZ
NMFS FOR PEASE

E.O.11652:N/A
TAGS: MTN, ETRD, EEC
SUBJECT: US/EC BILATERAL ON FISH AND FISH PRODUCTS

REF: STATE 176205

1. SUMMARY. U.S. MTN DEL ENGAGED EC IN DETAILED DISCUS-
SION OF OUR REQUESTS ON FISH AND FISH PRODUCTS JULY 25.
EC INDICATED IT WOULD MAKE CONCERTED EFFORT TO MEET U.S.
REQUESTS DESPITE DIFFICULTY OF GRANTING CONCESSIONS WHILE
COMMON FISHERY POLICY (CFP) IS IN LIMBO, BUT WOULD EXPECT
U.S. TO RECOGNIZE EC ACTIONS AS IMPORTANT CONTRIBUTIONS
TO AGRICULTURAL NEGOTIATIONS. END SUMMARY.

2. LESS THAN A WEEK AFTER BEING TOLD THAT EC DEL WOULD
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NOT MEET TO REVIEW U.S. REQUESTS ON FISH, WE WERE
CONTACTED BY STADLER (DG VI) AND TOLD THAT EC WAS ANXIOUS
TO HAVE TECHNICAL REVIEW OF U.S. REQUESTS BEFORE THE
SUMMER BREAK. ACCOMPANIED BY NORMAN PEASE OF THE NATIONAL
MARINE FISHERY SERVICE, U.S. MTN DEL (MARSH) MET WITH
STADLER AND HELMERT (FISHERY PRODUCT EXPERT FROM DG VI
RECENTLY SHIFTED TO DG VIII). U.S. DEL EMPHASIZED URGENT

NEED TO MOVE FISH NEGOTIATIONS FORWARD. WE STATED THAT U.S. WOULD NOT ACCEPT EC ARGUMENT THAT BECAUSE CFP WAS STILL EVOLVING, IT WAS IMPOSSIBLE FOR FISH TO BE NEGOTIATED IN MTN CONTEXT. WE NOTED THAT TRADE IN THIS SECTOR HAD IMPORTANT REGIONAL ECONOMIC EFFECTS IN MANY COUNTRIES AND THAT THE SECTOR COULD NOT BE IGNORED IN THE MTN.

3. EC DEL, AFTER REITERATING POSITION THAT PRESENT STATUS OF CFP MADE NEGOTIATIONS ON FISH EXTREMELY DIFFICULT, STATED THAT EC INTENDED TO TAKE WHAT ACTION IT COULD TO SATISFY U.S. DEMANDS. STADLER SAID A "GESTURE" IN THIS DIRECTION WAS MADE PRIOR TO JULY 15 BY THE TABLING OF AN EC OFFER ON SEVERAL FISH ITEMS. THE OFFER OF GREATEST INTEREST TO U.S. IS A 50 PERCENT REDUCTION (4 TO 2 PERCENT AD VALOREM) ON FRESH, CHILLED OR FROZEN SALMON (CXT 3.01AIB). THE U.S. WAS PRINCIPAL SUPPLIER TO THE EC (45 MILLION U.A.) IN 1976. (COMMENT: WHEN MTN DEL SAID WE HAD HEARD NOTHING OF SUCH AN OFFER, STADLER TOLD US THE OFFER WAS HANDED TO STRAUSS BY GUNDELACH DURING THE LATTER'S WASHINGTON VISIT IN EARLY JULY. END COMMENT.)

4. PEASE OBSERVED THAT HE THOUGHT THERE WAS INTEREST IN THE U.S. IN THIS ITEM, BUT NOT OF THE SAME CHARACTER AS FOR ITEMS ON THE U.S. REQUEST LIST. STADLER EXPLAINED THAT THE EC WAS FOLLOWING THE PRINCIPAL SUPPLIER RULE IN GRANTING OFFERS ON AGRICULTURAL PRODUCTS, AND FOR LIMITED OFFICIAL USE

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THIS REASON HAD NOT MADE A "GESTURE" ON A U.S. REQUEST ITEM. U.S. DEL COMMENTED THAT WHILE WE HAD FOLLOWED A PRINCIPAL SUPPLIER RULE IN OUR INITIAL AGRICULTURAL OFFERS, WE HAD SUBSEQUENTLY TOLD NONPRINCIPAL SUPPLIER REQUESTING COUNTRIES THAT WE WOULD CONSIDER OFFERS IF (A) THE COUNTRY COULD SUBSTANTIATE THAT IN THE NEAR TERM IT COULD TAKE COMMERCIAL ADVANTAGE OF THE CONCESSION, AND (B) THE COUNTRY WOULD OFFER RECIPROCITY FOR THE CONCESSION WHICH TOOK ACCOUNT OF THE REQUESTING COUNTRY'S FUTURE TRADE POTENTIAL IN THE ITEM. U.S. DEL MADE CLEAR TO EC THAT WE WOULD BE WILLING TO ACKNOWLEDGE THAT CONCESSIONS ON REQUESTED FISH PRODUCTS HAD A QUALITATIVE VALUE NOT FULLY REFLECTED BY PAST TRADE FLOWS. EC DEL SHOWED KEEN INTEREST IN U.S. STATEMENT AND PROMISED TO REPORT THIS IMMEDIATELY TO HIS AUTHORITIES, INDICATING THAT THE STATEMENT MIGHT HAVE A POSITIVE EFFECT ON EC CONSIDERATION OF U.S. REQUESTS.

5. U.S. DEL NOTED THAT WE WERE CONSIDERING ADDITIONAL REQUESTS OF THE EC ON NONTARIFF MEASURES AFFECTING PRODUCTS ON THE CURRENT LIST. (COMMENT: U.S. DEL DID NOT TABLE NEW REQUESTS FOR BINDING OF "REFERENCE PRICE"

LEVELS ON ITEMS IDENTIFIED IN REFTEL. WE DELAYED TAKING THIS ACTION IN LIGHT OF THE DRAFT GATT PANEL DECISION ON THE GATT LEGALITY OF THE MINIMUM IMPORT PRICE SCHEME ON TOMATO CONCENTRATES. WE UNDERSTOOD THAT THE REPORT WAS NOT AVAILABLE TO NMFS OR COMMERCE AT THE TIME REFTEL WAS CLEARED, NOR HAD THERE BEEN INTERAGENCY DISCUSSION OF HOW THE USG MIGHT WISH TO USE THIS DECISION TO ADVANCE ITS INTEREST IN THE ELIMINATION OF MIP SCHEMES ON ANY OR ALL AGRICULTURAL PRODUCTS. MTN DEL SUSPECTS THAT GIVEN THE SIMILARITIES BETWEEN THE MIP SCHEME ON TOMATO CONCENTRATES ON THE ONE HAND, AND THE MIP SCHEME ENVISAGED UNDER THE CFP (COUNCIL REGULATION 100/76 OF JANUARY 19, 1976), THE LATTER SCHEME WOULD ALSO BE FOUND TO BE INCONSISTENT WITH

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SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 EUR-12 AGR-01 OES-09 /136 W
-----111591 162328Z /66/47

P 161441Z AUG 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 3228
INFO ALL EC CAPITALS

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C O R R E C T E D C O P Y DELETE PARA (D)

USMTN, USEEC
ACTION STR PASS ELECTRICALLY
STR PASS CODEL
PASS COMMERCE FOR KURTZ
NMFS FOR PEASE

EC OBLIGATIONS UNDER GATT ARTICLE XI:I AND II. (FYI: THIS VIEW IS SHARED BY LINDEN AND OSTERHAUS OF GATT SECRETARIAT. END FYI.) IN LIGHT OF ABOVE, MTN DEL WONDERS IF WE MIGHT SIMPLY CONTINUE TO SEEK TARIFF CONCES- SIONS WITHOUT SUBMITTING REQUESTS TO BIND MIP'S, BUT TELL THE EC THAT THE U.S. WILL ONLY GIVE CREDIT FOR CONCES-

SIONS IF EC ACKNOWLEDGES THAT THE CONCESSIONS WILL BE
CONSIDERED NULLIFIED OR IMPAIRED IF THE EC TAKES ACTION
AGAINST U.S. IMPORTS AS ENVISAGED UNDER THE CFP REFERENCE
PRICE SYSTEM. END COMMENT.)

6. DURING ITEM-BY-ITEM EXAMINATION OF REQUESTS, MTN DEL,
DRAWING ON BACKGROUND MATERIAL PROVIDED BY COMMERCE,
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REVIEWED FACTORS WHICH ARGUE FOR U.S. BECOMING AN
IMPORTANT SUPPLIER OF FISH PRODUCTS TO EC MARKET. WE
EMPHASIZED THAT THIS COMMERCIAL POTENTIAL MUST BE
REALIZED IF U.S. FISHING INDUSTRY WAS TO REVIVE. EC DEL
WAS RECEPTIVE TO U.S. ARGUMENTS, AND WAS QUITE HELPFUL
IN PROVIDING NEW INFORMATION REGARDING THE TRADE REGIME
ON REQUESTED ITEMS, AS FOLLOWS.

(A) 3.01AII, EELS -- MTN DEL DID NOT SUBMIT SUP-
PLEMENTAL REQUEST (LIBERALIZATION OF QUOTA) FOR THIS
ITEM SINCE WE HAD DETERMINED THAT "QUOTA" WAS IN FACT AN
UNBOUND TARIFF QUOTA. (FYI: THE TARIFF QUOTA PROVIDES
FOR DUTY-FREE TREATMENT FOR "EELS DESTINED FOR CURING OR
SKINNING OR FOR THE MANUFACTURE OF PREPARED OR PRESERVED
EEL PRODUCTS" (E.G., SMOKED IN TINS). THE QUOTA FOR
1978/79 (JULY 1-JUNE 30) IS FOR 6,100 METRIC TONS.
FEDERAL REPUBLIC OF GERMANY, DENMARK AND BENELUX COUNTRIES
ACCOUNT FOR 75 PERCENT OF MEMBER STATE ALLOCATIONS. END
FYI.) MTN DEL STATED THAT WE WOULD BE INTERESTED IN
EXPANSION AND BINDING OF TARIFF-QUOTA AND THAT A FORMAL
REQUEST WOULD PROBABLY BE MADE IN THE FALL. ACTION
REQUESTED: CONFIRMATION THAT MTN DEL SHOULD TABLE REQUEST
OF THIS TYPE.

(B) 3.01BIA2BB, SALTWATER HERRING -- WE LEARNED THAT
PRESENT TARIFF SITUATION IS MORE COMPLEX THAN WHAT IS
REFLECTED IN COMMERCE BACKGROUND MATERIAL. THERE IS AN
INDEFINITE DUTY SUSPENSION ON THIS ITEM. THE CONVENTIONAL
RATE IS A BOUND DUTY-FREE TARIFF QUOTA OF 34,000 METRIC
TONS ANNUALLY, WITH AN OVERQUOTA RATE OF 15 PERCENT. THE
BOUND RATE(S) ARE CONDITIONAL ON THE REFERENCE PRICE
BEING RESPECTED. EC DEL INFORMED US THAT THIS CONDITION
WAS PLACED ON THE CONCESSION WHEN IT WAS NEGOTIATED WITH
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NORWAY, SWEDEN AND THE UK IN THE KENNEDY ROUND. EC ALSO
CLAIMS THAT THE REFERENCE PRICE IS BOUND TO THESE

COUNTRIES AT 200 U.A./M.T. BUT MTN DEL COULD FIND NO RECORD OF THIS BINDING IN GATT OFFICIAL RECORDS AND WE BELIEVE IT IS MORE LIKELY AN INFORMAL OR ORAL UNDERSTANDING MADE AT THE TIME THE CONCESSION WAS NEGOTIATED. (FYI: MTN DEL HAS ASKED UK DEL WHETHER OR NOT THE REFERENCE PRICE IS ALREADY BOUND ON THIS ITEM. WILL REPORT RESPONSE WHEN RECEIVED. END FYI.) RESPONDING TO U.S. REQUEST FOR BINDING OF MINIMUM IMPORT PRICE, EC DEL ADVISED THAT SINCE MARKET PRICES WERE NOW SO FAR ABOVE REFERENCE PRICE, IT WAS INCONCEIVABLE THAT REFERENCE PRICE SCHEME WOULD EVER AFFECT THIRD COUNTRY TRADE. EC DEL ADDED THAT IT WOULD BE QUITE DIFFICULT TO NEGOTIATE BINDING OF A REFERENCE PRICE UNLESS PRINCIPAL SUPPLIER TOOK PART IN NEGOTIATIONS.

(C) 3.01BIM2BB, MACKEREL, FROZEN -- EC STATISTICS SHOW NO IMPORTS FROM THE U.S. IN 1976. EC DEL NOTED THAT THERE HAD BEEN A UNILATERAL SUSPENSION OF THE RATE ON THESE ITEMS FOR SEVERAL YEARS, BUT THERE WAS NONE FOR 1978/79.

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(D) 3.01BIL2 -- MTN DEL WITHDREW REQUEST, AS INSTRUCTED.

(E) EX3.01BIQ, HAKE, FROZEN -- WE DETERMINED THAT DUTY ON THIS ITEM WAS UNILATERALLY REDUCED TO 10 PERCENT FOR THE PERIOD JULY 1 TO 31 DECEMBER 1978 IF PRODUCTS ARE DESTINED FOR THE PROCESSING INDUSTRY AND IF THE REFERENCE PRICE IS RESPECTED. EC DEL SAID CONCESSION WAS DIFFICULT BECAUSE OF PROBLEMS EC IS HAVING WITH IMPORTS FROM ARGENTINA. EC DEL NOTED THAT GUIDE PRICE FOR 1978 ON THIS ITEM IS 1,318 UNITS OF ACCOUNT PER METRIC TON.

(F) 3.03AIII, CRABS AND FRESHWATER CRAYFISH -- WE INDICATED THAT OUR INTEREST WAS IN CRABS, ESPECIALLY SNOW CRABS FROM ALASKAN WATERS. EC DEL RESPONDED THAT THEY THOUGHT AN EX-OUT MIGHT BE POSSIBLE TO MEET THE U.S. LIMITED OFFICIAL USE

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REQUEST. EC DEL NOTED THAT ALTHOUGH U.S. WAS SECOND SUPPLIER IN 1976, WE ACCOUNTED FOR LESS THAN A 10 PERCENT SHARE OF MFN IMPORTS.

(G) 3.03AIVA, PRAWNS -- EC DEL STATED THAT NORWAY HAD ALSO REQUESTED THIS ITEM AND THAT SOMETHING MIGHT BE POSSIBLE.

(H) 3.03BIVA1AA, SQUID, FROZEN -- EC DEL OBSERVED THAT THIS WOULD BE ONE OF THE MOST DIFFICULT ITEMS ON WHICH TO MAKE A CONCESSION. THE RATE IS ALREADY LOW AND THE EC IS STILL RECEIVING STRONG PRESSURE FROM SMALL ITALIAN PRODUCERS TO RESTRICT IMPORTS. (SEE BRUSSELS 14359 CONCERNING IMPORT RESTRICTIONS ON SQUID.)

(I) 3.03BIVA1BB, SQUID (OTHER), FROZEN -- WE NOTIFIED EC THAT WE WOULD BE ADDING A TARIFF REQUEST ON THIS ITEM. EC DEL AGAIN REFERRED TO THE PROBLEM OF ITALIAN PRODUCERS.

(J) 16.04CII, HERRING, PREPARED OR PRESERVED -- EC INFORMED US THERE IS A YEAR-TO-YEAR DUTY SUSPENSION ON SPICED AND SALTED HERRING AND ON "HERRING FLAPS" PREPARED OR PRESERVED IN VINEGAR WHEN THESE ARE DESTINED FOR PROCESSING INDUSTRY. (SEE COUNCIL REGULATION 968/78.) THE U.S. IS CURRENTLY A VERY SMALL SUPPLIER ACCORDING TO EC SOURCES.

(K) 16.05A, CRABS, PREPARED OR PRESERVED -- EC DEL BELIEVES CONCESSION ON THIS ITEM IS POSSIBLE. WE LEARNED THAT A DUTY SUSPENSION TO 5 PERCENT EFFECTIVE FROM SEPTEMBER 1 TO MARCH 31, 1979 (SEE COUNCIL REGULATION 965/78) WILL APPLY TO CRABS WHICH ARE BOILED OR SHELLS AND PACKED IN CONTAINERS GREATER THAN 2 KILOGRAMS LIMITED OFFICIAL USE

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(L) 16.05B, SHRIMP, PREPARED OR PRESERVED -- WE NOTED
U.S. WAS INTERESTED IN EX-OUT. EC DEL CITED SUSPENSION
TO 10 PERCENT FOR BOILED OR SHELLLED SHRIMP IN CONTAINERS
LARGER THAN 2 KG. FOR THE INDUSTRIAL MANUFACTURE OF
PRODUCTS IN 16.05B.

7. DELS AGREED TO RESUME DISCUSSIONS DURING WEEK OF
SEPTEMBER 11. MCNAMARA

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: FISH, POLICIES, REGIONAL ORGANIZATIONS, TARIFFS
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Draft Date: 16 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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